# TECHNOSERVE INTERNAL MEMO

To: Country Director, TechnoServe/Kenya

Cc: Deputy Country Director, TechnoServe/Kenya

From: Protase Echessah

Subject: Back to Office Report from US Transportation Management Study Tour (July 14 - 29, 2000)

**Date:** August 7, 2000

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### 1. Background

In September 1999, the United States Agency for International Development (USAID) /Africas Bureaus Africa Trade and Investment Program (ATRIP) provided United States Department of Agriculture / Foreign Agricultural Service / International Cooperation and Development (USDA/FAS/ICD) with funding to conduct a series of inter-related activities for the east Africa sub-region (Kenya, Uganda, and Tanzania). The activities, proposed in accordance with ATRIP-s objective of helping African private and public sector partners design and implement policy reforms that will make their countries attractive to international trade and investment, are intended to assist policy makers in improving regional transportation management and in developing a common set of agricultural standards. The very poor state of transportation infrastructure and the dearth of harmonized standardized in the region are two of the largest constraints restricting faster economic growth, U.S. B East African bilateral trade, and East Africa inter regional trade. This report focuses on the transportation aspects of that initiative following the US based transportation management study tour made by the experts/stakeholders from the three east African countries of Kenya, Uganda and Tanzania.

### 2. Expectations from a Two-Week Study Tour

Since this was a transportation management study tour, the delegation comprising the three east African countries had a number of expectations. From the on-going Regional Trade Analytical Agenda (RTAA) program and own experiences in the east African sub-region, the expectations hinged on six major problematic or least understood/appreciated areas, namely,

- i) Linkages/partnerships between the public and the private sectors in relation to the transport sector management B operations and infrastructural facilities;
- ii) Issues related to privatization / concession;
- iii) Management of infrastructural facilities, for example, railways, ports, roads, and related fuel taxes/levies;
- iv) Policy coordination, harmonization, and formulation/development;
- v) Issues related to enforcement of policy on, for example, axle load limits, handling of hazardous materials, safety and regulations; and,
- vi) Research and Development, and Training B impact of research and development, collaboration between private sector, public sector and industry.

### 3. Itinerary

Friday, July 14: Depart Kenya (11:30 pm)

Saturday, July 15: Arrive Norfolk, VA (4:30 B 5.45 pm)

Sunday, July 16: Orientation, schedule overview; Afternoon B TRB Conference begins with

**Committee Meetings** 

Monday, July 17 to Wednesday, July 19 **TRB Meetings and Tours** 

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Thursday, July 20 Presentation by USDA officials

Friday, July 21 Consensus Building

Monday, July 24 Presentations by DOT officials and Transport Organizations

Tuesday, July 25 Meetings with the World Bank Transport Officials

**Continuation of USDA Meetings** 

Wednesday, July 26 Visit to Baltimore Port

Thursday, July 27 Re-Entry Strategizing/Wrap up/Lessons Learned

Friday, July 28 Departure for Kenya

### 4. Transport Research Board Conference and Committee Meetings

The Transport Research Board (TRB) held its 25<sup>th</sup> Annual Summer Ports, Waterways and International Trade Conference in Norfolk Virginia from July 16-19, 2000. This was mid-year meeting of selected TRB committees / Task forces. TRB comprises the public sector, the private sector, consulting firms / research institutions and the military. Norfolk meeting was an exciting venue for this meeting as it offered participants an opportunity to learn and share information about a broad range of topics and issues relating to ports, waterways, ferry transportation, inter-modal freight, and international trade and transportation.

The conference was structured as follows:

- **∀** Plenary sessions
- **∀** Luncheon Tours visiting various transport facilities including military ones
- **∀** Meetings of nine (9) TRB standing committees and 2 task forces
- $\forall$  Exhibitions that related to the general sessions throughout the conference period.

Various issues were discussed and ranged from infrastructure, management, manpower, environment, technology and security relating to ports, waterways, ferry transportation, inter-modal freight, and international trade and transportation. This conference was important for the simple reason that it formed the basis of our subsequent discussions with the key stakeholders during this study tour. By exposing us to issues of transportation in the US, it acted as a Asummary@ of the major transportation issues in the United States. Although it is not possible to discuss step by step all issues deliberated under this conference, it is imperative to highlight some of the best practices worthwhile adopting in the east African sub-region and are as follows:

- Visionary planning: this is done mode by mode sometimes spanning a period of 40 years. Under this, the stakeholders focus on transportation and logistics strategic direction: not only defining goals but accomplishing them in times of tight budget and rapid change. As the nation takes a new look at the national transportation system and the demands that are expected to be placed on it, a strategy is developed for all modes of transportation.
- Effective public/private sector partnerships: effective cooperation between government, transportation industries and the public. It was clear that the military-commercial partnerships have also been crucial in meeting contingency and wartime requirements. The military is used in civil activities whenever there are no threats of war. There are efforts to seek ways of optimizing these partnerships in the face ever changing challenges through consultations, research and development.
- **Research and Development, and Industry Inter-relationships:** Strong inter-relationships exist between the transportation industries (commercial entities), the military and research firms in terms of funding and utilization of research findings.

It must however be recognized that as impressive as these practices are, they require massive resource outlay and human capacity, which are some of the constraining factors in the east African sub-region.

- 5. Presentations by United States Department of Agriculture (USDA) Officials): Overview of Some Agencies in USDA
- 5.1 Grain Inspection, Packers and Stockyards Administration (GIPSA): This agency works in partnership with Animal and Plant Health Inspection Service (APHIS), Food and Drug Administration (FDA) and FGIS. GIPSA is involved in grain inspection and certification to the point where the consignment is loaded and ready for shipment. Beyond this point, it is the responsibility of the shipper and the importer.
- 5.2 Food Safety and Inspection Service: The United States Department of Agriculture, through the Food and Safety Inspection Service (FSIS), ensures that the domestic and imported meat and poultry products are safe, wholesome, and accurately labeled. The Federal Meat Act and the Poultry Products Inspection Act require foreign countries that export meat and poultry to the U.S. to establish and maintain *inspection systems* that are equivalent to the U.S. inspection system. On the hand, foreign countries importing from the U.S. inspect individual establishments rather than the U.S. inspection systems.

Countries must undergo a rigorous review process before they can become eligible through application to export meat or poultry to the United States. Even after a country is granted eligibility, FSIS periodically reviews its inspection program to ensure it remains equivalent to the U.S. system. Re-inspection of products at the U.S. port of entry is a further check on the effectiveness of the foreign country-s inspection system.

The Asystems approach@focuses on a country-s overall inspection system rather than the individual establishments. The FSIS role is one of review, analysis, approval and oversight. FSIS does not perform inspection in other countries, nor does it impose the U.S. system verbatim on a foreign country. It requires equivalence, which is defined as the demonstration by an exporting country that its sanitary measures achieve the same goals and objectives as its inspection system, with the end product being meat and poultry products that are safe, wholesome, and accurately labeled. Sanitary measures include laws, regulations, and procedures related to product criteria, testing, and inspection.

The evaluation of the country-s inspection system involves two steps: a document review B an evaluation of laws, regulations, directives, and other written materials used by the country to operate its inspection program; once document review finds the country-s system satisfactory, on-site review of the countries inspection operations is done. A multi-disciplinary team composed, typically, of a veterinarian, chemist, microbiologist, statistician, compliance officer, and food technologist conducts this review.

- 5.3 Agricultural Marketing Service: USDA=s Agricultural Marketing Service (AMS) has the following responsibilities:
  - Expand market access for small-scale produce growers through new marketing facilities and processes;
  - ii) Analyze transportation and marketing issues that affect distribution of agricultural products;
  - iii) Represent agricultural interests before transportation regulatory and policy-making bodies;
  - iv) Increase agricultural exports through more efficient transportation and distribution services; and,
  - v) Establish a national and international certification system for organic produce.

The transportation and marketing consist of five program areas viz.

- 5.3.1. Marketing and Transportation Analysis Program: Conducts analyses of marketing and transportation problems and issues associated with the domestic and international distribution of agricultural commodities. These studies support policy determinations, regulatory decisions, and legislative proposals. It also evaluates transportation and marketing conditions or requirements that may restrict access to markets or present new opportunities for U.S. agriculture. For example, this program is in the process of establishing shipping rates to the ports in east Africa.
- 5.3.2. Shipper and Exporter Assistance (SEA): Assists primarily small agricultural shippers and exporters in improving their marketing efficiency and gaining access to new markets. Assistance is provided through workshops, newsletters, and other outreach programs, including information on rates and services, inspection, documentation, and other regulatory requirements.
- 5.3.3. Wholesale and Alternative Markets: Promotes regional economic development and improves market access for the small and medium-size farmer, thus enhancing the overall effectiveness of the food marketing system and providing better quality product to the consumer at reasonable cost. The program focuses on wholesale, farmers, assembly, and public markets.
- 5.3.4. National Organic program: Develops and implements national standards that govern the marketing of agricultural products organically produced to facilitate commerce in fresh and processed foods that are organically produced. Ensures consumers that such products meet consistent standards.
- 5.3.5. Federal-State Marketing Improvement: Provides matching funds to State Departments of Agriculture and other state agencies for 20 to 30 projects per year. These funds have been used by States to conduct marketing studies in developing innovative approaches to agricultural products.
- 5.4. Foreign Agricultural Services: Foreign Agricultural Service (FAS) of USDA works for improved foreign market access for U.S. products. It implements programs designed to build new markets and to maintain the competitive position of U.S. products in the global marketplace. It has the primary responsibility for the U.S. Department of Agriculture-s overseas programs B market development, international trade agreements and negotiations, and the collection of statistics and market information. FAS represents the worlds largest agricultural country through its network of agricultural counselors, attaches, and trade officers stationed overseas and its analysts, marketing specialists, negotiators, and related specialists located in Washington, D.C., with outreach representatives in several states.

Attaché reports review changes in policies affecting U.S. export marketing opportunities, monitor important weather developments, and respond to the daily informational needs of those who plan, initiate, monitor, and evaluate U.S. food and agricultural programs and policies. The analysts in Washington office prepare production forecasts and assess export marketing opportunities, as well as track changes in policies affecting U.S. exports and imports. The policy makers, program administrators, farmers, exporters, and others use these analyses.

# 6. Consensus Building

One of the sessions covered during the trip was on consensus building. This process is important in reaching a common understanding regarding critical issues not only at national but also at regional level. Consensus building is therefore important in addressing a myriad of problems at national and regional levels. Critical steps in reaching consensus are as follows:

- i. Define the problem or issue at hand by asking: what is going right? What can be changed? At this point it is imperative to steer clear of personalities.
- ii Focus on interests rather than positions.
- iii Identify the root causes of the problem or the conflict B What is the actual conflict or the problem? Do not blame others for your problems. Put yourself in their shoes (empathize).
- iv Look for mutual gain.
- v Generate alternative solutions before deciding B Brainstorming.
- vi Facilitate the team or persons to select the best solutions B What is the consensus of the team? What is the decision? Is it clear to everyone?
- vii Develop a team plan by discussing everyone-s perceptions. What steps do we need to take? What results do we want to achieve? Who is responsible? Is there a deadline?
- viii Without communication, there is no consensus.
- ix Build a working relationship.
- x Implement the plan as you consider the next steps.
- xi Reflection B evaluate the results and the process B how effective was the process? How well did we do? What changes do we need to make?

# 7. Presentations by the Department of Transportation (DOT) Officials

The strategic plan of DOT is to advance America-s economic growth and competitiveness domestically and internationally through efficient and flexible transportation. United States Department of Transportation (USDOT) has eleven operating Administrations some of which we had discussions with. Overall functions of DOT are:

- **X** Advocacy
- **Y** Strategic Planning, Legislation, Policy and guidance
- **Y** Program Management
- **∀** Information and Analysis
- **Monitoring and Evaluation**
- **∀** Research, Demonstration and Technology Testing
- **∀** Customer Outreach and Consultation
- **Y** Truck Size and Weight Enforcement.

7.1. Federal Highway Administration (FHWA): Its mission is to continually improve the economic efficiency of the Nation-s transportation system to enhance America-s position in the global economy. FWHA manages the total public roads (6,340,530 km) of which paved roads constitute 61.2% while the remainder (38.8%) is unpaved roads. The Federal Government (USDA, Department of Defense and the Department of Interior) own 5% of the roads B the rest is owned by the states and councils.

In terms of gas taxes (fuel levies), petrol attracts 4.9 cents per liter, which goes to the Highway Trust Fund. Of the 4.9 cents, 4.1 cents go to the Federal Highways while 0.8 goes to the Mass Transit Fund. Diesel attracts 6.4 cents per liter with 5.6 cents going to the Highway Trust Fund.

For axle load limits, enforcement is done by each of the states independently. This enforcement determines eligibility of access by the state to the Highway Trust Fund. Single axle load limit allowed is 9 tons while for tandem axles, 15.4 tons is the limit. Maximum gross vehicle weight allowed is 36 tons. With prior arrangement and authorization under unique circumstances however, overloading is occasionally permitted. Reducing the load on overloaded trucks occasionally occurs but only where there are storage facilities.

- 7.2 FHWA International Programs: Works to improve the technological and institutional base of highway transportation system performance and program delivery to the United States. It enables its partners to gain access to technology, and markets beyond U.S. borders as well as facilitate partners=access to information and contacts in the U.S. public and private sectors, and to provide better access to the U.S. technology and practices for developing countries and countries in transition. Its customers and partners include:
  - The public and private sector, U.S. highway transportation community, including State and local Departments of Transportation, transportation industry associations and their memberships, and academic institutions;
  - U.S. Congress, and other agencies and departments of the executive branch of the U.S. government;
  - Y Public and private sector highway transportation organizations in other countries;
  - **∀** International technical, financing, and developing agencies.

### 7.2.1. International Technology Exchange Programs

- 7.2.1.1. International Technology Scanning Program: The international technology-scanning program accesses and evaluates foreign technologies and innovations that could significantly benefit U.S. highway transportation systems. This approach allows for advanced technology to be adapted and put into practice much more efficiently without spending scarce research funds to advances already developed by other countries.
- 7.2.1.2. International Information Management: In addition to the technology-scanning program, the FHWA works with information and library science professionals worldwide to make international sources of data, research, and information available and accessible to practitioners in the United States.
- 7.2.1.3. International Visitor Programs: The visitor program supports on-going technical exchange between the FHWA-s experts and their international counterparts through topic-specific meetings and study tours with the FHWA program offices, State Departments of Transportation, local transportation agencies, transportation associations, and industry. This program hosts about 500 visitors annually. The study tour by the experts from east Africa was arranged under the auspices of this program.

#### 7.2.2. Technical Assistance and Cooperation Projects

- 7.2.2.1. Technology Transfer Centers: This is one of the technical assistance and cooperation projects. Through this program, FHWA facilities access for foreign transportation officials and private sector representatives to the best in the U.S. technologies and expertise, including:
  - **∀** Intelligent transportation systems
  - **Y** Pavement and structures
  - **∀** Safety
  - **Environment**
  - **∀** Value engineering project and program management
  - **∀** Financial systems

**Technology transfer programs include:** 

- **∀** Local and regional training workshops, seminars, and conferences;
- **∀** Personnel exchanges;
- **∀** Information dissemination through a local newsletter;
- **∀** Introducing internet access and other modern technologies;
- **∀** Promoting public-private partnerships
- **∀** Twinning with a key U.S. state;
- Y Arrange tours of public and private facilities in the U.S.
- **Solution** Establishing information and program links with the Local Technical Assistance Program (LTAP).

In Africa, these centers have been set up or are being tried in Tanzania, Zimbabwe and South Africa. Tanzania is a pilot project in the east African sub-region.

- 7.3. Office of Freight Management and Operations: This office is organized into two teams:
- 7.3.1. Truck Size and Weight Team:
  - Reviews state certification of compliance with truck size and weight regulations, recommends penalties as appropriate, and reports annually on overall compliance.
  - **Obvelops** training and guidance as needed to support FHWA field staff and state and local governments in enforcing these requirements.
  - **Conducts studies and regulatory changes as required for more effective, efficient, and equitable enforcement of these provisions.**

#### 7.3.2. Intermodal Freight Team

- **Solution** Develops policies and programs that promote efficient and seamless freight flows on the highway system and its intermodal connectors within the U.S. and across its borders.
- **Solution** Encourages the development of multi-state relationships and projects aimed at expediting freight flows in the U.S.
- Serves as the lead office within FHWA to foster Intelligent Transportation System (ITS) applications for intermodal freight and border clearance.
- **∀** Conducts special studies, competitive analyses, benchmarking studies, and economic analyses to develop policy strategy and legislative programs.
- Works with various partners to undertake demonstrations and evaluations of innovative practices, new technology applications, and infrastructure designed to expedite the flow of goods movement.
- 7.4. Bureau of Transportation Statistics (BTS): Its mission is to lead in the development of transportation data and information of high quality, and to advance their effective use in private and public transportation decision-making. It has three mission areas: i). data collection and compilation for all modes and subjects; ii) information analysis and synthesis for all modes and subjects; and iii) dissemination. Main clients are congress, DOT and other federal agencies, State Governments, Metropolitan Planning Organizations, Local Governments, Universities, Private Sector, and General Public.

#### 7.5 Salient issues / Conclusions Emanating from Discussions with DOT Officials

A number of issues can be drawn or inferred from the discussions with USDOT. These are:

- USDOT strategic plan is explicit and implemented according to schedule. States submit their six-year budgets to the congress for approval before the can be allowed to draw any funds from the Highway Trust Fund;
- **∀** Railways are privately funded;
- **Y** Regulatory framework is left to the stakeholders;
- Y High level of specialization as shown by the many departments under DOT dealing with specific functions;
- Y Clear coordination and line of responsibility between the federal government and the states; and,
- **∀** A strong culture of collection, analysis, synthesis, dissemination, and use of data.

#### 8. Meetings with World Bank Officials

The meeting with the World Bank centered on issues related to railway restructuring / privatization / concessioning. It was observed that the future of railways lies in privatization and concessioning and the process must be done fast without hesitation. Although the World Bank pushes for privatization, the consequences arising therefrom are the responsibility of concerned countries. The main issues discussed are:

- **Restructuring approaches in the developing world;**
- **∀** Relevance of concessions based on separation of infrastructure from operations for the African railways; and,
- **Key issues in integrated concessions mainly relating to: infrastructure, concession itself, staff retrenchment, and regulation**

Three reasons necessitating the restructuring of African railways are:

- **Financial pressure: governments can no longer provide financial support**
- **Y** Competitive pressure emanating from:
  - Globalization: economies which do not have effective transport will simply lose out
  - More sophisticated market demand requiring tailored freight services
  - Greater modal competition with better roads and larger more efficient trucks
- Taken together radical change is a necessity if railways are to survive and fulfill their potential role in the transport system.

Generally speaking, most railways should pursue privatization given the generally positive experience of:

- i. U.S. since deregulation
- ii. Canada and New Zealand since sale of their railway systems
- iii. Japan since privatization
- iv. Latin America and sub-Saharan Africa (Malawi and Mozambique) since concessioning.

# Issues Related to Staff Retrenchment:

- Massive staff retrenchment in a restructuring process cannot be avoided
- **∀** Up to 70% could be rendered surplus
- **∀** Utmost attention should be paid to staff redundancy issues
- **∀** The staff reduction is better done in one go
- **∀** Compensation to staff should always be fair and those affected should be consulted
- Massive effort should be launched to get the staff reemployed
- Assistance should be given to those who decide to get self employed
- of If necessary, a portion of the concession fees should be utilized for the training programs
- **∀** Do not pass the burden of staff retrenchment to the concessionaire

### Regulation Issues:

- **\( \)** Effective regulation is essential
- **∀** Regulation has to be cost effective
- To the extent possible, the institutions should be used such as for environment, factory health and safety, antitrust behavior, and labor employment
- Y The specific railway safety regulation should be restricted to reviews and oversight
- Y It is not necessary for the regulator to have all expertise within his office on a permanent basis
- **Regulators should make use of experts on a consultancy / advisory basis.**

# 9. Concluding Remarks and Best Practices Learned from the Transportation Management Study Tour

- i. Effective data collection, analysis and dissemination systems: this information is used in the development of new research, development / identification of new projects, policy development, and decision-making.
- ii. Effective integration between the public and private sectors. Each one is indispensable to the other and they work intimately in addressing transportation problems.
- iii. High degree of specialization in and within Federal departments implying high efficiency in getting things done.
- iv. USDA fights for the farming community to improve its welfare. It provides advisory services and resists any moves that would marginalize or put the farming community at risk.
- Clear separation of responsibility in terms of the development of the infrastructure and the operation of the same.
- vi. Distinct line of responsibility between the federal government and the states.
- vii. Integrated approach to issues affecting the transportation industry.
- viii. For fairness, government tenders for service provision are rotated across the board.
- ix. Strong collaboration between the U.S. transportation community, transport operators and clients, for example in mitigating theft at the ports.
- x. Affirmative action for assisting or giving preferential treatment to the disabled.

# 10. Next Steps

Possible Courses to be offered to the east African Experts and Targeted Groups:

From the foregoing, it is clear that concerted efforts should be devoted to strengthening institutional capacity through training and public awareness creation on various issues in the transportation industry. Some of the areas under which training is proposed are as follows:

- Management and Information Technology B targeting top private and public sector executives;
- Negotiation skills B top government officials and regional institutions through w/shops and seminars;
- **♉** Seamless transportation Management B targeting ports, customs, regulatory agencies and freight forwarders;

- Y Privatization / Concessioning B to be done in-country and targeting management of affected institutions and parastatal reform secretariat, policy makers and politicians;
- **∀** Data and Information Management B professional bodies, operators and policy makers;
- **Effective regulation B policy makers, politicians and enforcers;**
- **∀** Training / Review of Safety Issues at country and regional levels B road and railway transporters and mining companies;
- **Strategic Planning B top public officials; and,**
- **Best Practices in Procurement Procedures B public sector officials, private sector and Non-Governmental Organizations.**

Country Action Plans: Kenya

Dissemination: The ultimate objective of this learning trip was to share the lessons learned with some key stakeholders both at country and regional levels. In the case of Kenya, some of the institutions and stakeholder organizations to be targeted include the following:

- Ministry of Transport and Communications and the parastatals that fall under it such as the Kenya Ports Authority, Kenya Railways Corporation;
- Ministry of Roads and Public Works and all the relevant institutions that fall under it such as the Kenya Roads Board;
- Ministry of Finance and all the relevant institutions that fall under it such as the Kenya Revenue Authority and the Registration of Motor Vehicles;
- **Security and law enforcement department (police)**;
- **Kenya International Freight and Warehousing Association (KIFWA)**;
- **∀** Kenya Ship Agency Association;
- **∀** Kenya Association of Manufacturer=s (KAM);
- **\( \)** East African Transportation Initiative (EATI);
- **∀** Transit Transport Coordination Authority (TTCA);
- **\( \)** East African Community Secretariat;
- **∀** Inter-Governmental Authority on Development;

Dissemination Steps: This will involve drafting of a trip report detailing lessons learned by each of the Kenyan delegates. Protase Echessah will then synthesize the individual reports into one country report. The country report will thereafter be circulated widely to the institutions named above. The other avenue for dissemination will involve holding EATI and stakeholders meetings. Funding for these activities will come from USDA. (??)

Issues to be addressed: Major issues to be addressed will relate to roads, ports and railway management.

- **∀** Road Rehabilitation and expansion
  - Harmonization and enforcement of regulations
  - Standardization of networks
  - Define responsibilities for funding and maintenance
- **∀** Ports Equipment and Infrastructure
  - Privatization and concessioning
  - Information Management and Technology
- **∀** Railways Privatization and concessioning
  - Equipment and Infrastructure
    - Telecommunications